

Kentucky Power Company

REQUEST

Refer to the Direct Testimony of Dennis W. Bethel ("Bethel Testimony"), pages 4 through 8 and the Application, Section V, Workpaper S-4, page 39 of 41.

- a. The rates used by Mr. Bethel in the proposed adjustment for Point-to-Point ("PTP") revenues are based on an estimate of the PTP rates to be effective April 1, 2006. The estimated rates are 75 percent of the second step of a two-step increase proposed by AEP in its March 31, 2005 Federal Energy Regulatory Commission ("FERC") filing. What action has FERC taken on step one of the proposal, which was to become effective November 1, 2005?
- b. In the event a decision in the FERC proceeding on the second step rate increase proposed by AEP has not been rendered prior to the conclusion of the evidentiary portion of this case, explain how Kentucky Power's proposed adjustment to reduce revenues by \$9.6 million constitutes a known and measurable adjustment.

RESPONSE

- a. The estimated AEP Zone PTP rates, reflecting 75% of the increase proposed in FERC Docket No. ER05-751-000, have been incorporated in a Settlement Agreement filed with the FERC on November 8, 2005 (letter dated November 7). The attached pages contain the documents that were submitted in settlement of that case, including a motion to permit step one of the settlement to become effective on November 1, 2005.
- b. The reduction of Kentucky Power PTP revenues due to the elimination of Through and Out (T&O) charges is already a known and measurable event, since the FERC eliminated T&O charges for transactions between PJM and MISO effective December 1, 2004. The \$9.6 Million reduction reflects that known and measurable change and the estimated moderation of that reduction resulting from the increase in AEP Zone PTP rates reflected in the Settlement Agreement now on file at the FERC (see a). Kentucky Power anticipates that the FERC will act on the Settlement Agreement prior to the conclusion of the evidentiary portion of this case.

WITNESS: DENNIS BETHEL

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

American Electric Power Service Corporation) Docket No. ER05-751-000

STIPULATION AND AGREEMENT

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602 (2005), American Electric Power Service Corporation, on behalf of certain operating companies of the American Electric Power System¹ (“AEP”) and certain Parties in this proceeding listed in Attachment A (together, “Parties to the Settlement”) submit this Stipulation and Agreement (“Settlement Agreement”) to comprehensively resolve all issues between them in this docket.

**ARTICLE I
PROCEDURAL HISTORY**

This proceeding originated with a filing made by AEP on March 31, 2005, pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824(d) (2000) and Section 35.13 of the Commission’s Regulations, 18 C.F.R. § 35.13 (2005), proposing revised electric transmission rates to be included in the Open Access Transmission Tariff (“OATT”) of PJM Interconnection, L.L.C. (“PJM”). The filing proposed to increase rates for Network Integration Transmission Service in two steps, and proposed changes in rates for certain ancillary services provided under Schedules 1 and 2 of the OATT. The

¹ Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company.

first step was based on increases in AEP's transmission cost of service; the second step was intended to reflect the effect of the Commission's determination in Docket Nos. EL02-111-000, *et. al.*, to eliminate out and through rates for transactions that sink in the combined PJM / Midwest Independent Transmission System Operator, Inc. footprint, causing AEP to correspondingly lose revenues, and the expiration, on March 31, 2006 of the Seams Elimination Cost Assignment ("SECA") charge. AEP filed a transmission cost-of-service analysis in support of its East Zone revenue requirement based on both a historic and projected test year. AEP requested an effective date of June 1, 2005 for its new rate structure.

Notice of AEP's filing was issued April 6, 2005. Motions to intervene and protests were filed on or before April 21, 2005. AEP filed an answer to the motions to intervene and protests on May 16, 2005.

On May 31, 2005, the Commission issued an "Order Accepting and Suspending Proposed Tariff Revisions, Subject to Refund and Establishing Hearing Procedures," *American Electric Power Service Corp.*, 111 FERC ¶ 61,305. The Commission found in that order that the issues raised in AEP's filing could not be resolved without a hearing. In addition, the Commission's preliminary analysis indicated that the proposed rates may be unjust, unreasonable, unduly discriminatory or preferential or otherwise unlawful. Accordingly, the Commission accepted AEP's proposed rate for filing and imposed a five-month suspension on the implementation of the proposed rates, with the proposed rates to be allowed into effect November 1, 2005, subject to refund. The Commission also directed that a pre-hearing conference be convened.

By order issued June 9, 2005, the Chief Judge appointed the Honorable David I.

Harfeld as presiding Administrative Law Judge in this case and found that the proceeding was subject to Track II of the procedural standards for hearing cases.

After a June 21, 2005, pre-hearing conference, Judge Harfeld issued a procedural schedule that set this matter for hearing to begin January 24, 2006. By agreement of the participants in this case, settlement conferences were held on July 26, 2005, and August 23, 2005, and continued through several conference calls held during August and September. At the request of the participants, the procedural schedule was extended to allow additional time for settlement discussions.

On September 12, 2005, a motion was filed requesting that the procedural schedule be suspended because the participants had come to an agreement in principle regarding the settlement of this matter. By order issued September 13, 2005, the Chief Judge suspended the Track II procedural schedule pending finalization of settlement documents to be filed with the Commission.

AEP and the other Parties to the Settlement, with the active participation of Commission Trial Staff, having discussed settlement of the issues between them, have agreed to the following terms which, if accepted by the Commission, will resolve all issues in this proceeding.

ARTICLE II SCOPE OF SETTLEMENT

2.1 The Parties to the Settlement hereby settle and resolve all issues between them involving the matters raised in Docket No. ER05-751-000, on the following terms.

**ARTICLE III
TERMS OF THE SETTLEMENT**

3.1 There will be a three-phase increase in AEP's East Zone transmission rates beginning November 1, 2005:

a. The Phase 1 monthly rate for Firm Point-to-Point and Network Integration Transmission Service (for the term November 1, 2005 through March 31, 2006) will be a stated unit rate of \$1,081.06/MW-month. This rate will be used to calculate the rates for firm service of longer and shorter duration, e.g., Yearly = Monthly times 12, Weekly = Yearly/52, Daily On-Peak = Weekly/5, Daily Off-Peak = Weekly/7. The rates for Monthly, Weekly and Daily Non-Firm Point-To-Point transmission service will be up to the corresponding rates for Firm service. The On-Peak and Off-Peak rates for Hourly Non-Firm Point-to-Point service will be up to the rate for Firm Daily On-Peak/16, and Firm Daily Off-Peak/24, respectively.

b. The Phase 2 monthly rate for Firm Point-to-Point and Network Integration Transmission Service (for the term beginning April 1, 2006 to the effective date of the Phase 3 rates described below) will be a stated unit rate of \$1,621.40/MW-month. The rates for Firm and Non-Firm service of other durations will be calculated based on the monthly rate consistent with the formulas in paragraph 3.1.a.

c. The Phase 3 monthly rate for Firm Point-to-Point and Network

Integration Transmission Service will be a stated unit rate of

\$1,757.40/MW-month. The rates for Firm and Non-Firm service of other durations will be calculated based on the monthly rate consistent with the formulas in paragraph 3.1.a. The Phase 3 rates shall take effect the later of August 1, 2006, or the first day of the month following the month in which AEP's new Wyoming-Jackson's Ferry transmission line enters service. The increase for Wyoming-Jackson's Ferry includes an 11% return on equity for that line and other costs associated with the new facilities.

3.2 Customers will receive adjustments, shown as separate line items on their monthly invoices from PJM, that should act to reduce costs under the stated Phase 1, Phase 2 and Phase 3 rates to reflect the following:

- a. Any credits and/or charges allocated to the AEP Zone through post-SECA and intra-PJM rate design proceedings, including the proceedings currently underway in Docket No. EL05-121;
- b. Revenue credits allocated by PJM to the AEP Zone for revenues from Point-to-Point Transmission Service with a point of delivery in the AEP Zone or at the PJM border, consistent with the *pro forma* PJM tariff sheets contained in AEP's application in this matter; and
- c. Any credits and/or charges allocated to the AEP Zone by PJM or others through the implementation of PJM's Schedule 12 or other cost

assignment treatment, including application of Schedule 12 or other cost assignment treatment to the Wyoming-Jackson's Ferry facilities. No charges for transmission constructed within the AEP East Zone by AEP, the costs for which are incurred during the period the moratorium in Section 3.3 is in effect, shall be recovered under this Section 3.2.

3.3 No rate filing shall be made by AEP for a new East Zone transmission service rate that will go into effect before one year from the start of the Phase 3 rates or January 1, 2008, whichever is earlier. This moratorium will not preclude or prevent collection of the costs of new transmission facilities developed as part of PJM's Regional Transmission Expansion Planning Protocol that are located outside the AEP Zone and assigned to the AEP Zone by the PJM Schedule 12 process, or the credits to customers identified in Section 3.2.

3.4 Effective November 1, 2005, there will be an increase in the annual and monthly revenue requirement for AEP's generators contained in PJM's Ancillary Service Schedule 2 (Reactive Supply and Voltage Control from Generation Sources Service) to produce a total annual revenue requirement of \$24,633,299. In addition, effective on the later of November 1, 2005 or the date of closing of the acquisition by Appalachian Power Company of the Ceredo generating plant from Twelvepole Creek, L.L.C., AEP shall cause PJM to amend Schedule 2 of the PJM OATT to delete the annual revenue requirement for Twelvepole Creek, L.L.C. of \$1,457,831.81 and monthly revenue requirement of \$121,485.98 and to add such annual and monthly amounts to the annual and monthly revenue requirements shown on Schedule 2 for the AEP East Operating

Companies. Except as provided in this Paragraph 3.4, no rate filing shall be made by AEP for a change in the Schedule 2 revenue requirement in PJM's OATT that will go into effect before one year from the start of the Phase 3 rates or January 1, 2008, whichever is earlier.

3.5 The rate for Ancillary Service Schedule 1 (Scheduling, System Control and Dispatch) will be the rate as filed by AEP of \$0.0686/MWh, reflecting a 3% decrease from the currently effective rate.

3.6 This Settlement Agreement will be considered a "black-box settlement," except as to (i) the recovery of the regional transmission organization ("RTO") start-up costs, (ii) the return on equity for the Wyoming-Jackson's Ferry facilities as set forth in paragraph 3.1(c), and (iii) the revenue requirement for the Phase 1, Phase 2 and Phase 3 rates, which are to be explicitly stated as set forth below:

a. The allowance for amortization of RTO start-up costs will be \$2,362,185 per year. The amounts deferred by AEP as RTO-related costs are being amortized over a 15-year period ending December 2014. The initial rate, effective during Phase 1 (November 1, 2005, through March 31, 2006), will be \$8.94/MW-month. The rate for the period beginning April 1, 2006 will be \$8.60/MW-month. Beginning January 2007, the rate will be adjusted as of January 1st of each year based on the prior year's peak demand and trued up for any over-collection or under-collection in the prior year, or part thereof. The charge shall continue through approximately May 31, 2015. Specifically, the amount to be collected in 2015 shall be five-twelfths of the annual amount (\$984,244), plus or minus any

prior year true up amount, and the rate calculated by PJM shall be applied until that amount is collected, whether that date be before or after May 31, 2015.

- b. The Phase 1 and Phase 2 net revenue requirement (after deduction of the RTO start-up costs and before deduction of the SECA revenues) is \$449,425,402.
- c. The Phase 3 net revenue requirement is \$487,562,419.

3.7 AEP will make all necessary changes to its tariffs in order to effectuate the terms of this Settlement Agreement. Those tariff changes are reflected in the tariff sheets set forth in Attachment B. In addition to changes in the rate schedules, AEP will make the following changes to those portions of the PJM OATT that address AEP East Zone rates:

- a. Schedule 7, Paragraph 9 and Schedule 8, Paragraph 10, each entitled “Determination of monthly charges for AEP East Zone” shall be amended to add the following language to the end of the existing paragraphs: “(iv) revenues distributed to the AEP East Zone for Transmission Enhancement Charges to other PJM Zones pursuant to Schedule 12, and (v) revenues and charges, as applicable under a PJM or expanded regional transmission rate design, if such is implemented after the effective date of this tariff Sheet.”

- b. Schedule 7 and Schedule 8 shall be amended to add a footnote to the introductory paragraph, which shall read as follows:

In addition to other rates set forth in this schedule, pursuant to the Commission’s _____, 2005 Order in Docket No. ER05-751 (American Electric Power Service Corporation, _____ (2005) and the Settlement Agreement in that same docket, customers within the AEP East Zone shall be charged for

recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - $\$/kW/year = \$2,362,185$, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - $\$/kW/month. = Annual Rate$ divided by 12;

Weekly Rate - $\$/kW/week = Annual Rate$ divided by 52;

Daily Rate - $\$/kW/day = Weekly Rate$ divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be $\$8.94/MW-month$; for the period commencing April 1, 2006 and thereafter, the rate shall be $\$8.60/MW-month$, subject to the following true-up.

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's RTO start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2014. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of $\$2,362,185$ and calculate the rates that would be needed, given the expected billing demands to collect $\$2,362,185$, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount ($\$984,244$), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2015.

c. The language discussed in paragraphs 3.7(a) and 3.7(b) as it relates to Yearly and Monthly rates shall be added to Attachment H-14 as new Sections 1 (a) and 1(b). All changes to the PJM OATT described in paragraph 3.7 are reflected in the tariff sheets set forth in Attachment B.

ARTICLE IV IMPLEMENTATION

4.1 This Settlement Agreement shall become effective November 1, 2005 and shall bind the Participants on the date that the Commission order approving it becomes final. Should that approval be later than November 1, 2005, and should the settlement rates set out above not be allowed to go into effect on November 1, 2005, pending the Commission's order of approval, within thirty (30) days after receiving Commission approval of this Settlement Agreement, AEP shall calculate and make refunds based on the difference between the rates initially filed in this proceeding and the rates agreed to in the Settlement Agreement.

4.2 For purposes of this Settlement Agreement, a Commission order shall be deemed to be "final" as of the date all rehearing requests are denied or, if rehearing is not applied for, the date on which the right to apply for rehearing expires.

4.3 This Settlement Agreement shall be null and void and shall not become effective unless the Commission approves it without condition or modification as a complete settlement of the issues described herein, unless such condition or modification is acceptable to all Parties to the Settlement. Any Party that does not file an objection within 15 days of a Commission order imposing any condition or modification shall be deemed to have waived all objections thereto.

4.4 Commission approval of this Settlement Agreement shall constitute the requisite approval of any waivers of any regulations as may be deemed necessary to permit the implementation of the provisions of this Settlement Agreement by its terms.

ARTICLE V NON-SEVERABILITY

This Settlement Agreement is an integrated package. None of the terms of the Settlement Agreement are agreed to without each of the others. The various provisions of this Settlement Agreement are not severable.

ARTICLE VI RESERVATIONS

6.1 The provisions of this Settlement Agreement are intended to relate only to the specific matters addressed herein. No Party waives any claim or right that it may have with respect to matters not addressed in this Settlement Agreement.

6.2 No Party shall be bound or prejudiced by any part of this Settlement Agreement unless it is approved and made effective pursuant to its terms.

6.3 Nothing in this Settlement Agreement shall constitute an admission by any Party of the correctness or applicability of any claim, defense, rule, or interpretation of law, allegation of fact, principle, or method of ratemaking or cost-of-service determination. This Settlement Agreement is made upon the explicit understanding that it constitutes a negotiated agreement with respect to the rates, terms, and conditions at issue in these proceedings. The Parties shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of ratemaking or cost-of-service determination, or design or rate schedule, or terms and conditions of service, or

the application of any rule or interpretation of law that may underlie, or be thought to underlie, this Settlement Agreement. In any future negotiation or proceedings whatsoever (other than any proceeding involving the honoring, enforcement, or construction of this Settlement Agreement or the future application of the terms and conditions hereof, as applicable as set forth herein), the Parties shall not be bound or prejudiced by this Settlement Agreement

6.4 The Commission's approval of this Settlement Agreement shall not constitute approval of, or precedent regarding, any principle or issue in this proceeding. Nothing herein shall be deemed a "settled practice" as the Court interpreted that term in *Public Service Comm'n of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

6.5 This Settlement Agreement is expressly contingent on the following: (i) all Parties to the Settlement will cooperate in seeking its acceptance and approval by the Commission; (ii) no Party to the Settlement shall seek additional terms and conditions for this Settlement Agreement beyond those contained herein; and (iii) approval of the Settlement Agreement by the Commission without modification, unless such modification(s) as the Commission may require is agreed to by the Parties to the Settlement. If any of these contingencies is not fulfilled, then: (i) this Settlement Agreement shall not be binding on any Party; (ii) the Parties to the Settlement shall not be obliged to negotiate further, other than to discuss in good faith whether the modification(s) required by the Commission is acceptable to them; (iii) all Parties to the Settlement shall in that event be deemed to have reserved all of their respective rights and remedies with respect to the issues in these proceedings; and (iv) this Settlement

Agreement shall not be part of the record in such proceedings, and all discussions and negotiations thereon shall be privileged.

6.6 The titles and headings of the various Articles of this Settlement Agreement are for reference and convenience purposes only. They are not to be construed or taken into account in interpreting the Settlement Agreement and do not qualify, modify, or explain the effects of the Settlement Agreement.

6.7 This Settlement Agreement may be amended only by the agreement in writing of all the Parties to the Settlement. The standard of review for any modifications to this Settlement Agreement requested by a Party to the Settlement that are not agreed to by all the Parties to the Settlement shall be the "public interest" standard under the Mobile Sierra Doctrine. The standard of review for any modifications to this Settlement requested by a non-Party to the settlement and the Commission will be the most stringent standard permissible under applicable law. The Parties to the Settlement acknowledge that the Commission's rights under Section 206 of the Federal Power Act are not abridged except as indicated herein with respect to the standard that would be used in such a proceeding. The Parties to the Settlement also acknowledge that the "public interest" standard to the extent applicable to this Settlement Agreement shall not adversely impact any Party's or non-Party's ability to challenge future filings under a just and reasonable standard.

6.8 This Settlement Agreement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2005). Unless and until the Settlement Agreement becomes effective pursuant to its terms, the Settlement Agreement shall be privileged and of no effect and shall not be admissible in evidence or

in any way described or discussed in any proceeding before any court or regulatory body
(except in comments on the Settlement Agreement in this proceeding).

ATTACHMENT A

PARTIES TO THE SETTLEMENT

American Electric Power Service Corporation

Blue Ridge Power Agency

Old Dominion Electric Cooperative

AEP Intervenor Group

Buckeye Power, Inc.

Ormet Primary Aluminum Corporation

American Municipal Power-Ohio, Inc.

Wabash Valley Power Association, Inc.

Indiana Municipal Power Agency

City of Dowagiac, Michigan

City of Sturgis, Michigan

Tariff Revisions

Clean Version

SCHEDULE 1A

Transmission Owner Scheduling, System Control and Dispatch Service

Scheduling, System Control and Dispatch Service is provided directly by the Transmission Provider under Schedule 1. The Transmission Customer must purchase this service from the Transmission Provider. Certain control center facilities of the Transmission Owners also are required to provide this service. This Schedule 1A sets forth the charges for Scheduling, System Control and Dispatch Service based on the cost of operating the control centers of the Transmission Owners.

The charges for operation of the control centers of the Transmission Owners shall be determined by multiplying the applicable rate as follows times the Transmission Customer's use of the Transmission System on a megawatt hour basis:

(A) For a Transmission Customer serving Zone Load in:

<u>Zone</u>	<u>Rate (\$/MWh)</u>
Atlantic City Electric Company	0.0781
Baltimore Gas and Electric Company	0.0430
Delmarva Power & Light Company	0.0743
PECO Energy Company	0.1189
PP&L, Inc. Group	0.0618
Potomac Electric Power Company	0.0186
Public Service Electric and Gas Company	0.1030
Jersey Central Power & Light Company	0.0796
Metropolitan Edison Company	0.0796
Pennsylvania Electric Company	0.0796
Rockland Electric Company	0.2475
Commonwealth Edison Company	0.2223
AEP East Operating Companies	0.0686
The Dayton Power and Light Company ¹	0.0797
Duquesne Light Company	0.0520

¹ Charges for service under this schedule to customers of The Dayton Power and Light Company that are subject to the provisions of the October 14, 2003 Stipulation and Agreement of Settlement approved in FERC Docket No. EL03-56-000 shall be governed by such settlement.

<u>Transmission Owner</u>	<u>Share (%)</u>
Atlantic City Electric Company	0.50
Baltimore Gas and Electric Company	0.80
Delmarva Power & Light Company	0.77
PECO Energy Company	2.68
PP&L, Inc. Group	1.36
Potomac Electric Power Company	0.33
Public Service Electric and Gas Company	2.64
Jersey Central Power & Light Company	1.30
Metropolitan Edison Company	0.43
Pennsylvania Electric Company	0.66
Rockland Electric Company	0.20
Commonwealth Edison Company	37.62
AEP East Operating Companies	47.90
The Dayton Power and Light Company	2.36
Duquesne Light Company	0.45

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Vice President, Federal Government Policy
Issued On: November 7, 2005

Effective: November 1, 2005

Zone	Generator	Annual Reactive Power Service Revenue Requirement	Monthly Reactive Power Service Revenue Requirement *
PPL	PPL EnergyPlus, LLC	\$9,040,000.00	\$753,333.33
	Allegheny Electric Cooperative, Inc.	\$898,115.00	\$74,842.92
	Sunbury Generation, L.L.C.	\$450,000.00	\$37,500.00
	WPS Westwood Generation, LLC	\$103,950.00	\$8,662.50
	Safe Harbor Water Power Corporation	\$2,149,747.00	\$179,145.58
	Conectiv Bethlehem, LLC	\$2,699,389.00	\$224,949.08
	Lower Mount Bethel Energy, LLC	\$1,086,303.32	\$90,525.27
PEPCO	Mirant Potomac River, LLC	\$4,733,477.04	\$394,456.42
	Potomac Power Resources, Inc.	\$721,722.96	\$60,143.58
PSEG	PSEG Energy Resources & Trade, LLC	\$8,587,290.00	\$715,607.50
	Calpine Energy Services, LP	\$478,817.69	\$39,901.47
	Newmarket Power Company, LLC	\$1,778,282.89	\$148,190.24
ComEd	Exelon Generation	\$10,227,259.00	\$852,271.58
	Midwest Generation, LLC	\$2,295,784.00	\$191,315.33
	University Park Energy, LLC	\$543,304.00	\$45,275.33
	Duke Energy Lee, LLC	\$1,500,000.00	\$125,000.00
	PPL University Park, LLC	\$1,504,414.09	\$125,367.84
	<i>Reliant Energy Aurora, LP</i>	\$1,490,000.00	\$124,166.67
AEP	AEP East Operating Cos.	\$24,633,299.00	\$2,052,774.92
	Big Sandy Peaker Plant, LLC	\$525,904.00	\$43,825.33
	Wolf Hills Energy, LLC	\$442,023.00	\$36,835.25
	Rolling Hills Generating, L.L.C.	\$1,100,000.00	\$91,666.67
	Twelvepole Creek, LLC	\$1,457,831.81	\$121,485.98
	Riverside Generating Company, L.L.C.	\$1,702,765.00	\$141,897.08
	Buckeye Power, Inc.	\$1,215,129.00	\$101,260.75
	Duke Energy Hanging Rock, LLC	\$3,429,355.56	\$285,779.63
	Duke Energy Washington LLC	\$1,569,805.66	\$130,817.14
Indiana Municipal Power Agency	\$489,001.00	\$40,750.08	
DAYTON	The Dayton Power and Light Company ¹	\$6,692,774.40	\$557,731.20

¹ Charges for service under this schedule to customers of The Dayton Power and Light Company that are subject to the provisions of the October 14, 2003 Stipulation and Agreement of Settlement approved in FERC Docket No. EL03-56-000 shall be governed by such settlement.

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Effective: November 1, 2005

Zone	Generator	Annual Reactive Power Service Revenue Requirement	Monthly Reactive Power Service Revenue Requirement *
DOMINION	Virginia Electric and Power Company	\$22,222,702.00	\$1,851,891.83
	Tenaska Virginia Partners, L.P.	\$1,385,697.27	\$115,474.77
	FPL Energy Power Marketing, Inc.	\$1,341,383.99	\$111,782.00
PJM TOTAL		\$196,042,941.04	\$16,336,911.71

* The monthly revenue requirements for reactive power service are the annual reactive power service revenue requirements divided by twelve.

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Effective: November 1, 2005

Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ¹ Charge	Daily Off-Peak ^{2/} Charge
AEP East Zone ^{5/}					
Nov 1, 2005	12.97272	1.08106	0.24948	0.04990	0.03564
SECA Ended	19.45680	1.62140	0.37417	0.07483	0.05345
W-JF Line In	21.08880	1.75740	0.40555	0.08111	0.05794
Dayton Zone	15.674	1.306	0.3014	0.0603	0.0431
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone	12.79297	1.06608	0.24602	0.04920	0.03505

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Effective: November 1, 2005

Effective December 1, 2004, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc. obtained pursuant to requests submitted on or after November 17, 2003, for service commencing on or after April 1, 2004. Effective April 1, 2006, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc.

^{1/} Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{2/} Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{3/} Each month, revenue credits will be applied to the gross charge in accordance with Paragraph 8 below to determine the actual charge to the Transmission Customer.

^{4/} In addition to other rates set forth in this schedule, pursuant to the Commission's November 10, 2003 Order in Docket No. ER03-1335 (Commonwealth Edison Company, 105 FERC ¶ 61,186 (2003) and the Settlement Agreement in that same docket, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,253,787, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2005-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,253,787 and calculate any credits or surcharges that would be needed to ensure that \$1,253,787 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2005-2014, consistent with the above methodology.

^{5/} Pursuant to the Commission's Order Approving Settlement Agreement in Docket No. ER05-751, the rates in this Service Schedule, for service in the AEP Zone, will be increased in three steps, as of the following effective dates: (1) November 1, 2005, (2) April 1, 2006 or the date that Seams Elimination Cost Allocation charges, pursuant to Docket Nos. EL04-135-000, *et al*, end, and (3) August 1, 2006 or the first day of the next calendar month after the Wyoming-Jacksons Ferry 765 kV transmission project enters service, if later. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

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Vice President, Federal Government Policy
Issued On: November 7, 2005

Effective: November 1, 2005

Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2014. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2015.

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- 7) **Transmission Enhancement Charges.** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.
- 8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone, (iv) revenues distributed to the AEP Zone for Transmission Enhancement charges to other PJM Zones pursuant to Schedule 12, and (v) revenues and charges, as applicable under a PJM or expanded regional transmission rate design, if such is implemented after the effective date of this provision. The sum of these revenue credits and potential charges will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

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SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

1) The Transmission Customer shall pay for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges

Point of Delivery	Monthly Charge (\$/kW)	Weekly Charge (\$/kW)	Daily On-Peak ^{1/} Charge (\$/kW)	Daily Off-Peak ^{2/} Charge (\$/kW)	Hourly On-Peak ^{3/} Charge (\$/MWh)	Hourly Off-Peak ^{4/} Charge (\$/MWh)
Border of PJM	1.574	0.3632	0.0726	0.0519	4.54	2.16
AE Zone	1.984	0.4580	0.0920	0.0650	5.7	2.72
BG&E Zone	1.306	0.3010	0.0600	0.0430	3.8	1.80
Delmarva Zone	1.615	0.3730	0.0750	0.0530	4.6	2.21
JCPL Zone	1.259	0.2906	0.0581	0.0414	3.6	1.73
MetEd Zone	1.259	0.2906	0.0581	0.0414	3.6	1.73
Penelec Zone	1.259	0.2906	0.0581	0.0414	3.6	1.73
PECO Zone	2.189	0.5051	0.1010	0.0722	6.3	3.01
PPL Zone	1.876	0.4328	0.0866	0.0618	5.4	2.58
Pepco Zone	1.750	0.4040	0.0810	0.0580	5.0	2.40
PSE&G Zone	1.975	0.4557	0.0911	0.0651	5.7	2.71
AP Zone	1.737	0.4009	0.0802	0.0573	5.0	2.39
Rockland Zone	2.676	0.6176	0.1235	0.0882	7.7	3.67
ComEd Zone ^{5/}	1.017 ^{6/}	0.2346	0.0469	0.0334	2.9	1.39
AEP East Zone ^{7/}						
Nov. 1, 2005 SECA Ended	1.08106	0.24948	0.04990	0.03564	3.12	2.08
W-JF Line In	1.62140	0.37417	0.07483	0.05345	4.68	3.12
	1.75740	0.40555	0.08111	0.05794	5.07	3.38

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Dayton Zone	1.306	0.3014	0.0603	0.0431	3.77	1.79
Duquesne Zone	1.18	0.27	0.0540	0.0386	3.38	1.61
Dominion Zone	1.06608	0.24602	0.04920	0.03505	3.08	1.46

^{1/} Monday - Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{2/} Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{3/} 7:00 a.m. up to the hour ending 11:00 p.m.

^{4/} 11:00 p.m. up to the hour ending 7:00 a.m.

^{5/} Each month, revenue credits will be applied to the gross charge in accordance with Paragraph 9 below to determine the actual charge to the Transmission Customer.

^{6/} In addition to the other rates set forth in this schedule, pursuant to the Commission's November 10, 2003 Order in Docket No. ER03-1335 (Commonwealth Edison Company, 105 FERC ¶ 61,186 (2003) and the Settlement Agreement in that same docket, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,253,787, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2005-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,253,787 and calculate any credits or surcharges that would be needed to ensure that \$1,253,787 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2005-2014, consistent with the above methodology.

^{7/} Pursuant to the Commission's Order Approving Settlement Agreement in Docket No. ER05-751, the rates in this Service Schedule, for service in the AEP Zone, will be increased in three steps, as of the following effective dates: (1) November 1, 2005, (2) April 1, 2006 or the date that Seams Elimination Cost Allocation charges, pursuant to Docket Nos. EL04-135-000, *et al*, end, and (3) August 1, 2006 or the first day of the next calendar month after the Wyoming-Jacksons Ferry 765 kV transmission project enters service, if later. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

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Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2014. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount, (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2015.

Effective December 1, 2004, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 8 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc. obtained pursuant to requests submitted on or after November 17, 2003, for service commencing on or after April 1, 2004. Effective April 1, 2006, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc.

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ATTACHMENT H-14

Annual Transmission Rates – AEP East Operating Companies For Network Integration Transmission Service

1. The annual transmission revenue requirement is \$449,425,402 and the corresponding rate for Network Integration Transmission Service is \$1,621.40/MW-month. Effective upon the later of August 1, 2006 or the first day of the next month after the new Wyoming – Jackson’s Ferry 765 kV transmission project enters service, the transmission revenue requirement and the corresponding rate for Network Integration Transmission Service shall be \$487,562,419 and \$1,757.40/MW-month.

Through March 31, 2006, Seams Elimination Cost Allocation (“SECA”) Revenues are to be collected by AEP from entities outside the AEP Zone, subject to hearing and potential refund or surcharge in Docket Nos. EL04-135-000, *et al.* The first rate specified above will become effective upon expiration of the SECA revenues. Until such expiration, the rate for Network Integration Transmission Service will be \$1,081.06/MW-month.

- a. **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP’s share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone, (iv) revenues distributed to the AEP Zone for Transmission Enhancement charges to other PJM Zones pursuant to Schedule 12, and (v) revenues and charges, as applicable under a PJM or expanded regional transmission rate design, if such is implemented after the effective date of this provision. The sum of these revenue credits and potential charges will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer’s bill in that month for service under this schedule.
- b. Pursuant to the Commission’s Order Approving Settlement Agreement in Docket No. ER05-751, the rates in this Service Schedule, for service in the AEP Zone, will be increased in three steps, as of the following effective dates: (1) November 1, 2005, (2) April 1, 2006 or the date that Seams Elimination Cost Allocation charges, pursuant to Docket Nos. EL04-135-000, *et al.*, end, and (3) August 1, 2006 or the first day of the next calendar month after the Wyoming-Jacksons Ferry 765 kV transmission project enters service, if later. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

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Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2014. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2015.

2. Within the AEP Zone, a Network Customer's peak load shall be adjusted to include transmission losses equal to 3.3% of energy received for transmission (3.413% at delivery) as well as any applicable distribution losses as reflected in applicable state tariffs and/or service agreements that contain specific distribution loss factors for said Network Customer. Notwithstanding section 15.7 of the Tariff the transmission loss factor of 3.3% also shall apply to point-to-point transmission service with a point of delivery in the AEP Zone.
3. The rate in section 1 of this Attachment shall be effective until amended by the Transmission Owner(s) within the zone or modified by the Commission.
4. In addition to the rate set forth in section (1) above, the Network Customer purchasing Network Integration transmission Service shall pay for transmission congestion charges, and any other applicable charges, in accordance with the provisions of this Tariff, and any amounts necessary to reimburse the Transmission Owners for any amounts payable to them as sales, excise, "btu," carbon, value-added, or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

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5. Contract Demand Network Service provision;

- (a) Contract Demand Network Service: Generally, the net output of any generating capacity operated by the Network Customer behind the meter(s) for any Delivery Point(s) in the AEP Zone, at the time of the Transmission Provider's Monthly Transmission System Peak Load, will be added to the load measured at the Delivery Point (adjusted for losses), in order to determine the Network Customer's Network Load. The foregoing

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Tariff Revisions

Redline Version

SCHEDULE 1A

Transmission Owner Scheduling, System Control and Dispatch Service

Scheduling, System Control and Dispatch Service is provided directly by the Transmission Provider under Schedule 1. The Transmission Customer must purchase this service from the Transmission Provider. Certain control center facilities of the Transmission Owners also are required to provide this service. This Schedule 1A sets forth the charges for Scheduling, System Control and Dispatch Service based on the cost of operating the control centers of the Transmission Owners.

The charges for operation of the control centers of the Transmission Owners shall be determined by multiplying the applicable rate as follows times the Transmission Customer's use of the Transmission System on a megawatt hour basis:

(A) For a Transmission Customer serving Zone Load in:

<u>Zone</u>	<u>Rate (\$/MWh)</u>
Atlantic City Electric Company	0.0781
Baltimore Gas and Electric Company	0.0430
Delmarva Power & Light Company	0.0743
PECO Energy Company	0.1189
PP&L, Inc. Group	0.0618
Potomac Electric Power Company	0.0186
Public Service Electric and Gas Company	0.1030
Jersey Central Power & Light Company	0.0796
Metropolitan Edison Company	0.0796
Pennsylvania Electric Company	0.0796
Rockland Electric Company	0.2475
Commonwealth Edison Company	0.2223
AEP East Operating Companies	0.0707 0.0686
The Dayton Power and Light Company ¹	0.0797
Duquesne Light Company	0.0520

¹ Charges for service under this schedule to customers of The Dayton Power and Light Company that are subject to the provisions of the October 14, 2003 Stipulation and Agreement of Settlement approved in FERC Docket No. EL03-56-000 shall be governed by such settlement.

<u>Transmission Owner</u>	<u>Share (%)</u>
Atlantic City Electric Company	0.50
Baltimore Gas and Electric Company	0.80
Delmarva Power & Light Company	0.77
PECO Energy Company	2.68
PP&L, Inc. Group	1.35 1.36
Potomac Electric Power Company	0.33
Public Service Electric and Gas Company	2.64
Jersey Central Power & Light Company	1.30
Metropolitan Edison Company	0.43
Pennsylvania Electric Company	0.66
Rockland Electric Company	0.20
Commonwealth Edison Company	37.37 37.62
AEP East Operating Companies	48.16 47.90
The Dayton Power and Light Company	2.35 2.36
Duquesne Light Company	0.45

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Zone	Generator	Annual Reactive Power Service Revenue Requirement	Monthly Reactive Power Service Revenue Requirement *
PPL	PPL EnergyPlus, LLC	\$9,040,000.00	\$753,333.33
	Allegheny Electric Cooperative, Inc.	\$898,115.00	\$74,842.92
	Sunbury Generation, L.L.C.	\$450,000.00	\$37,500.00
	WPS Westwood Generation, LLC	\$103,950.00	\$8,662.50
	Safe Harbor Water Power Corporation	\$2,149,747.00	\$179,145.58
	Conectiv Bethlehem, LLC	\$2,699,389.00	\$224,949.08
	Lower Mount Bethel Energy, LLC	\$1,086,303.32	\$90,525.27
PEPCO	Mirant Potomac River, LLC	\$4,733,477.04	\$394,456.42
	Potomac Power Resources, Inc.	\$721,722.96	\$60,143.58
PSEG	PSEG Energy Resources & Trade, LLC	\$8,587,290.00	\$715,607.50
	Calpine Energy Services, LP	\$478,817.69	\$39,901.47
	Newmarket Power Company, LLC	\$1,778,282.89	\$148,190.24
ComEd	Exelon Generation	\$10,227,259.00	\$852,271.58
	Midwest Generation, LLC	\$2,295,784.00	\$191,315.33
	University Park Energy, LLC	\$543,304.00	\$45,275.33
	Duke Energy Lee, LLC	\$1,500,000.00	\$125,000.00
	PPL University Park, LLC	\$1,504,414.09	\$125,367.84
	<i>Reliant Energy Aurora, LP</i>	\$1,490,000.00	\$124,166.67
AEP	AEP East Operating Cos.	<u>\$24,633,299.00</u>	<u>\$2,052,774.92</u>
		\$17,978,148.00	\$1,498,179.00
	Big Sandy Peaker Plant, LLC	\$525,904.00	\$43,825.33
	Wolf Hills Energy, LLC	\$442,023.00	\$36,835.25
	Rolling Hills Generating, L.L.C.	\$1,100,000.00	\$91,666.67
	Twelvepole Creek, LLC	\$1,457,831.81	\$121,485.98
	Riverside Generating Company, L.L.C.	\$1,702,765.00	\$141,897.08
	Buckeye Power, Inc.	\$1,215,129.00	\$101,260.75
	Duke Energy Hanging Rock, LLC	\$3,429,355.56	\$285,779.63
	Duke Energy Washington LLC	\$1,569,805.66	\$130,817.14
Indiana Municipal Power Agency	\$489,001.00	\$40,750.08	
DAYTON	The Dayton Power and Light Company ¹	\$6,692,774.40	\$557,731.20

¹ Charges for service under this schedule to customers of The Dayton Power and Light Company that are subject to the provisions of the October 14, 2003 Stipulation and Agreement of Settlement approved in FERC Docket No. EL03-56-000 shall be governed by such settlement.

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Zone	Generator	Annual Reactive Power Service Revenue Requirement	Monthly Reactive Power Service Revenue Requirement *
PPL	PPL EnergyPlus, LLC	\$9,040,000.00	\$753,333.33
	Allegheny Electric Cooperative, Inc.	\$898,115.00	\$74,842.92
	Sunbury Generation, L.L.C.	\$450,000.00	\$37,500.00
	WPS Westwood Generation, LLC	\$103,950.00	\$8,662.50
	Safe Harbor Water Power Corporation	\$2,149,747.00	\$179,145.58
	Conectiv Bethlehem, LLC	\$2,699,389.00	\$224,949.08
	Lower Mount Bethel Energy, LLC	\$1,086,303.32	\$90,525.27
PEPCO	Mirant Potomac River, LLC	\$4,733,477.04	\$394,456.42
	Potomac Power Resources, Inc.	\$721,722.96	\$60,143.58
PSEG	PSEG Energy Resources & Trade, LLC	\$8,587,290.00	\$715,607.50
	Calpine Energy Services, LP	\$478,817.69	\$39,901.47
	Newmarket Power Company, LLC	\$1,778,282.89	\$148,190.24
ComEd	Exelon Generation	\$10,227,259.00	\$852,271.58
	Midwest Generation, LLC	\$2,295,784.00	\$191,315.33
	University Park Energy, LLC	\$543,304.00	\$45,275.33
	Duke Energy Lee, LLC	\$1,500,000.00	\$125,000.00
	PPL University Park, LLC	\$1,504,414.09	\$125,367.84
	Reliant Energy Aurora, LP	\$1,490,000.00	\$124,166.67
AEP	AEP East Operating Cos.	<u>\$26,091,130.81</u>	<u>\$2,174,260.90</u>
		\$24,633,299.00	\$2,052,774.92
	Big Sandy Peaker Plant, LLC	\$525,904.00	\$43,825.33
	Wolf Hills Energy, LLC	\$442,023.00	\$36,835.25
	Rolling Hills Generating, L.L.C.	\$1,100,000.00	\$91,666.67
	Twelvepole Creek, LLC	\$1,457,831.81	\$121,485.98
	Riverside Generating Company, L.L.C.	\$1,702,765.00	\$141,897.08
	Buckeye Power, Inc.	\$1,215,129.00	\$101,260.75
	Duke Energy Hanging Rock, LLC	\$3,429,355.56	\$285,779.63
	Duke Energy Washington LLC	\$1,569,805.66	\$130,817.14
Indiana Municipal Power Agency	\$489,001.00	\$40,750.08	
DAYTON	The Dayton Power and Light Company ¹	\$6,692,774.40	\$557,731.20

¹ Charges for service under this schedule to customers of The Dayton Power and Light Company that are subject to the provisions of the October 14, 2003 Stipulation and Agreement of Settlement approved in FERC Docket No. EL03-56-000 shall be governed by such settlement.

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Effective: Upon closing of the sale of Twelvepole Creek

Zone	Generator	Annual Reactive Power Service Revenue Requirement	Monthly Reactive Power Service Revenue Requirement *
DOMINION	Virginia Electric and Power Company	\$22,222,702.00	\$1,851,891.83
	Tenaska Virginia Partners, L.P.	\$1,385,697.27	\$115,474.77
	FPL Energy Power Marketing, Inc.	\$1,341,383.99	\$111,782.00
PJM TOTAL		<u>\$196,042,941.04</u>	<u>\$16,336,911.71</u>
		<u>\$189,387,790.04</u>	<u>\$15,782,315.79</u>

* The monthly revenue requirements for reactive power service are the annual reactive power service revenue requirements divided by twelve.

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Point of Delivery	Yearly Charge	Monthly Charge	Weekly Charge	Daily On-Peak ¹ Charge	Daily Off-Peak ^{2/} Charge
AEP East Zone ^{5/}	17.040	1.420	0.3268	0.0654	0.0467
<u>Nov 1, 2005</u>	<u>12.97272</u>	<u>1.08106</u>	<u>0.24948</u>	<u>0.04990</u>	<u>0.03564</u>
<u>SECA Ended</u>	<u>19.45680</u>	<u>1.62140</u>	<u>0.37417</u>	<u>0.07483</u>	<u>0.05345</u>
<u>W-JF Line In</u>	<u>21.08880</u>	<u>1.75740</u>	<u>0.40555</u>	<u>0.08111</u>	<u>0.05794</u>
Dayton Zone	15.674	1.306	0.3014	0.0603	0.0431
Duquesne Zone	14.17	1.18	0.27	0.0540	0.0386
Dominion Zone	12.79297	1.06608	0.24602	0.04920	0.03505

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Effective December 1, 2004, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc. obtained pursuant to requests submitted on or after November 17, 2003, for service commencing on or after April 1, 2004. Effective April 1, 2006, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc.

^{1/} Monday – Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{2/} Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{3/} Each month, revenue credits will be applied to the gross charge in accordance with Paragraph 8 below to determine the actual charge to the Transmission Customer.

^{4/} In addition to other rates set forth in this schedule, pursuant to the Commission's November 10, 2003 Order in Docket No. ER03-1335 (Commonwealth Edison Company, 105 FERC ¶ 61,186 (2003) and the Settlement Agreement in that same docket, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,253,787, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2005-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,253,787 and calculate any credits or surcharges that would be needed to ensure that \$1,253,787¹ is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2005-2014, consistent with the above methodology.

^{5/} Pursuant to the Commission's Order Approving Settlement Agreement in Docket No. ER05-751, the rates in this Service Schedule, for service in the AEP Zone, will be increased in three steps, as of the following effective dates: (1) November 1, 2005, (2) April 1, 2006 or the date that Seams Elimination Cost Allocation charges, pursuant to Docket Nos. EL04-135-000, et al. end, and (3) August 1, 2006 or the first day of the next calendar month after the Wyoming-Jacksons Ferry 765 kV transmission project enters service, if later. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

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Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2014. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2015.

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- 7) **Transmission Enhancement Charges.** In addition to the rates set forth in Section (1) of this Schedule and any other applicable charges, the Transmission Customer shall also pay any Transmission Enhancement Charges for which it is designated as a Responsible Customer under Schedule 12 appended to the Tariff.
- 8) **Determination of monthly charges for ComEd Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of ComEd's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA") revenues allocable to ComEd under the Tariff; and (iv) any Point-To-Point Transmission Service where the Point of Receipt and the Point of Delivery are both internal to the ComEd Zone. On this basis, the sum of these revenues will appear as a reduction to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- 9) **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone, (iv) revenues distributed to the AEP Zone for Transmission Enhancement charges to other PJM Zones pursuant to Schedule 12, and (v) revenues and charges, as applicable under a PJM or expanded regional transmission rate design, if such is implemented after the effective date of this provision. The sum of these revenue credits and potential charges will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.

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SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

1) The Transmission Customer shall pay for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below for the Point of Delivery:

Summary of Charges

Point of Delivery	Monthly Charge (\$/kW)	Weekly Charge (\$/kW)	Daily On-Peak ^{1/} Charge (\$/kW)	Daily Off-Peak ^{2/} Charge (\$/kW)	Hourly On-Peak ^{3/} Charge (\$/MWh)	Hourly Off-Peak ^{4/} Charge (\$/MWh)
Border of PJM	1.574	0.3632	0.0726	0.0519	4.54	2.16
AE Zone	1.984	0.4580	0.0920	0.0650	5.7	2.72
BG&E Zone	1.306	0.3010	0.0600	0.0430	3.8	1.80
Delmarva Zone	1.615	0.3730	0.0750	0.0530	4.6	2.21
JCPL Zone	1.259	0.2906	0.0581	0.0414	3.6	1.73
MetEd Zone	1.259	0.2906	0.0581	0.0414	3.6	1.73
Penelec Zone	1.259	0.2906	0.0581	0.0414	3.6	1.73
PECO Zone	2.189	0.5051	0.1010	0.0722	6.3	3.01
PPL Zone	1.876	0.4328	0.0866	0.0618	5.4	2.58
Pepco Zone	1.750	0.4040	0.0810	0.0580	5.0	2.40
PSE&G Zone	1.975	0.4557	0.0911	0.0651	5.7	2.71
AP Zone	1.737	0.4009	0.0802	0.0573	5.0	2.39
Rockland Zone	2.676	0.6176	0.1235	0.0882	7.7	3.67
ComEd Zone ^{5/}	1.017 ^{6/}	0.2346	0.0469	0.0334	2.9	1.39
AEP East Zone ^{7/}	1.420	0.3268	0.0654	0.0467	4.09	1.95
<u>Nov. 1, 2005</u>	<u>1.08106</u>	<u>0.24948</u>	<u>0.04990</u>	<u>0.03564</u>	<u>3.12</u>	<u>2.08</u>
<u>SECA Ended</u>	<u>1.62140</u>	<u>0.37417</u>	<u>0.07483</u>	<u>0.05345</u>	<u>4.68</u>	<u>3.12</u>
<u>W-JF Line In</u>	<u>1.75740</u>	<u>0.40555</u>	<u>0.08111</u>	<u>0.05794</u>	<u>5.07</u>	<u>3.38</u>

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Dayton Zone	1.306	0.3014	0.0603	0.0431	3.77	1.79
Duquesne Zone	1.18	0.27	0.0540	0.0386	3.38	1.61
Dominion Zone	1.06608	0.24602	0.04920	0.03505	3.08	1.46

^{1/} Monday - Friday except the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{2/} Saturday and Sunday and the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

^{3/} 7:00 a.m. up to the hour ending 11:00 p.m.

^{4/} 11:00 p.m. up to the hour ending 7:00 a.m.

^{5/} Each month, revenue credits will be applied to the gross charge in accordance with Paragraph 9 below to determine the actual charge to the Transmission Customer.

^{6/} In addition to the other rates set forth in this schedule, pursuant to the Commission's November 10, 2003 Order in Docket No. ER03-1335 (Commonwealth Edison Company, 105 FERC ¶ 61,186 (2003)) and the Settlement Agreement in that same docket, customers within the ComEd zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

Annual Rate - \$/kW/year = \$1,253,787, divided by the 1 CP demand for the ComEd zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily rate - \$/kW/day = Weekly Rate divided by 5.

In order to ensure that the charge does not result in either an over-recovery or under-recovery of ComEd's start-up costs, PJM will institute an annual true-up mechanism in the month of May of each of the years 2005-2014. In May of each of those years, PJM will compare the amount collected under this charge for the previous 12 months with the target annual amount of \$1,253,787 and calculate any credits or surcharges that would be needed to ensure that \$1,253,787 is collected for each year. Any credit or surcharge will be assessed in the June bills for years 2005-2014, consistent with the above methodology.

^{7/} Pursuant to the Commission's Order Approving Settlement Agreement in Docket No. ER05-751, the rates in this Service Schedule, for service in the AEP Zone, will be increased in three steps, as of the following effective dates: (1) November 1, 2005, (2) April 1, 2006 or the date that Seams Elimination Cost Allocation charges, pursuant to Docket Nos. EL04-135-000, *et al.* end, and (3) August 1, 2006 or the first day of the next calendar month after the Wyoming-Jacksons Ferry 765 kV transmission project enters service, if later. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

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Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2014. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount, (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2015.

Effective December 1, 2004, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 8 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc. obtained pursuant to requests submitted on or after November 17, 2003, for service commencing on or after April 1, 2004. Effective April 1, 2006, the charge for Points of Delivery at the Border of PJM and the Transitional Revenue Neutrality Charge under this Schedule 7 shall not apply to any Reserved Capacity with a Point of Delivery of the Midwest Independent Transmission System Operator, Inc.

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ATTACHMENT H-14

Annual Transmission Rates – AEP East Operating Companies For Network Integration Transmission Service

1. The annual transmission revenue requirement is \$349,712,000~~449,425,402~~ and the corresponding rate for Network Integration Transmission Service is \$1031.31~~1,621.40~~/MW-month, provided, however, that for October and November, 2004 the monthly charges applicable to service to each existing Network Customer in the AEP Zone will be the lower of the charge pursuant to this Attachment H-14 or the charge that would have been applicable under AEP's OATT if that tariff had continued to apply. Effective upon the later of August 1, 2006 or the first day of the next month after the new Wyoming – Jackson's Ferry 765 kV transmission project enters service, the transmission revenue requirement and the corresponding rate for Network Integration Transmission Service shall be \$487,562.419 and \$1,757.40/MW-month.

Through March 31, 2006, Seams Elimination Cost Allocation ("SECA") Revenues are to be collected by AEP from entities outside the AEP Zone, subject to hearing and potential refund or surcharge in Docket Nos. EL04-135-000, et al. The first rate specified above will become effective upon expiration the SECA revenues. Until such expiration, the rate for Network Integration Transmission Service will be \$1,081.06/MW-month.

- a. **Determination of monthly charges for AEP Zone:** On a monthly basis, revenue credits shall be calculated based on the sum of AEP's share of revenues collected during the month from: (i) the PJM Border Rate under Schedule 7; (ii) Network Integration Transmission Service to Non-Zone Network Load under Attachment H-A; (iii) Firm Point-To-Point Transmission Service where the Point of Delivery is internal to the AEP Zone, (iv) revenues distributed to the AEP Zone for Transmission Enhancement charges to other PJM Zones pursuant to Schedule 12, and (v) revenues and charges, as applicable under a PJM or expanded regional transmission rate design, if such is implemented after the effective date of this provision. The sum of these revenue credits and potential charges will appear as an adjustment (reduction) to the gross monthly rate stated above on a Transmission Customer's bill in that month for service under this schedule.
- b. Pursuant to the Commission's Order Approving Settlement Agreement in Docket No. ER05-751, the rates in this Service Schedule, for service in the AEP Zone, will be increased in three steps, as of the following effective dates: (1) November 1, 2005, (2) April 1, 2006 or the date that Seams Elimination Cost Allocation charges, pursuant to Docket Nos. EL04-135-000, et al, end, and (3) August 1, 2006 or the first day of the next calendar month after the Wyoming-Jacksons Ferry 765 kV transmission project enters service, if later. In addition to other rates set forth in this schedule, customers within the AEP East Zone shall be charged for recovery of RTO start-up costs at the following rates, each computed to four decimal places:

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Annual Rate - \$/kW/year = \$2,362,185, plus any applicable true-up adjustment, divided by the 1 CP demand for the AEP East Zone for the prior calendar year;

Monthly Rate - \$/kW/month. = Annual Rate divided by 12;

Weekly Rate - \$/kW/week = Annual Rate divided by 52;

Daily Rate - \$/kW/day = Weekly Rate divided by 5.

For the period November 1, 2005 through March 31, 2006, the rate shall be \$8.94/MW-month; for the period April 1 through December 31, 2006, the rate shall be \$8.60/MW-month, thereafter, the rate will be subject to the following true-up:

In order to ensure that the charge does not result in either over-recovery or under-recovery of AEP's start-up costs, PJM will institute an annual true-up mechanism and implement revised charges as of January 1st of each of the years 2007-2014. In January of each of those years, PJM will compare the amount collected under this charge for the previous year or part thereof with the target annual amount of \$2,362,185 and calculate the rates that would be needed, given the expected billing demands, to collect \$2,362,185, adjusted for any prior year over-collection or under-collection. In the final year that the rate is collected, PJM will calculate the rate to collect five-twelfths of the annual amount (\$984,244), plus or minus any prior year true up amount, by May 31 of that year, and shall charge such rate until that amount is collected, whether that date be before or after May 31, 2015.

2. Within the AEP Zone, a Network Customer's peak load shall be adjusted to include transmission losses equal to 3.3% of energy received for transmission (3.413% at delivery) as well as any applicable distribution losses as reflected in applicable state tariffs and/or service agreements that contain specific distribution loss factors for said Network Customer. Notwithstanding section 15.7 of the Tariff the transmission loss factor of 3.3% also shall apply to point-to-point transmission service with a point of delivery in the AEP Zone.
3. The rate in section 1 of this Attachment shall be effective until amended by the Transmission Owner(s) within the zone or modified by the Commission.
4. In addition to the rate set forth in section (1) above, the Network Customer purchasing Network Integration transmission Service shall pay for transmission congestion charges, and any other applicable charges, in accordance with the provisions of this Tariff, and any amounts necessary to reimburse the Transmission Owners for any amounts payable to them as sales, excise, "btu," carbon, value-added, or similar taxes (other than taxes based upon or measured by net income) with respect to the amounts payable pursuant to the Tariff.

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5. Contract Demand Network Service provision;

- (a) Contract Demand Network Service: Generally, the net output of any generating capacity operated by the Network Customer behind the meter(s) for any Delivery Point(s) in the AEP Zone, at the time of the Transmission Provider's Monthly Transmission System Peak Load, will be added to the load measured at the Delivery Point (adjusted for losses), in order to determine the Network Customer's Network Load. The foregoing

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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

American Electric Power Service Corporation) Docket Nos. ER05-751-000

**MOTION TO PUT TARIFF CHANGES INTO EFFECT
ON AN EXPEDITED BASIS
AND REQUEST FOR EXPEDITED CONSIDERATION**

Pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. 385.212 (1999), American Electric Power Service Corporation (AEP), on behalf of the AEP Operating Companies,¹ hereby moves the Commission to permit AEP to implement certain changes to the AEP transmission rates to be contained in the open access transmission service tariff ("OATT") of PJM Interconnection, L.L.C. ("PJM") while those changes are pending Commission review. In support of this Motion, AEP states as follows:

1. On March 31, 2005, AEP filed a proposed two-step increase for AEP's east zonal transmission rates to be included in the PJM OATT. The proposed changes included a transmission cost of service, a Seams Elimination Charge Adjustment ("SECA") credit, and a production cost of service designed to develop the cost-based revenue requirements and rates for both transmission and ancillary services for the AEP

¹Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company.

Operating Companies. AEP requested a June 1, 2005 effective date for the proposed rates.

2. On May 31, 2005, following the filing of motions to intervene and protests by several parties, the Commission issued an Order Accepting and Suspending Proposed Tariff Revisions, Subject to Refund, and Establishing Hearing Procedures. In that Order, the Commission, among other things, accepted AEP's proposed rates for filing and suspended the rates for five months, giving the rates an effective date of November 1, 2005.

3. Following a prehearing conference and several informal settlement conferences, AEP and several intervenors (the "Parties to the Settlement")² have reached a settlement in this case. Briefly, with respect to the rates to be implemented as a result of this case, AEP and the Settling Parties have agreed that there will be a three-phase increase in AEP's East Zone transmission rates beginning November 1, 2005:

- a. The Phase 1 monthly rate for Firm Point-to-Point and Network Integration Transmission Service (for the term November 1, 2005 through March 31, 2006) will be a stated unit rate of \$1,081.06/MW-month. This rate will be used to calculate the rates for firm service of longer and shorter duration, e.g., Yearly = Monthly times 12, Weekly = Yearly/52, Daily On-Peak = Weekly/5, Daily Off-Peak = Weekly/7. The rates for Monthly, Weekly and Daily Non-Firm Point-To-Point transmission

² The Parties to the Settlement include AEP, Blue Ridge Power Association, Old Dominion Electric Cooperative, AEP Intervenor Group, Buckeye Power, Inc., Ormet Primary Aluminum Corporation, AMP-Ohio, Wabash Valley Power Association, Inc., Indiana Municipal Power Agency, City of Dowagiac, Michigan, and City of Sturgis, Michigan.

service will be up to the corresponding rates for Firm service. The On-Peak and Off-Peak rates for Hourly Non-Firm Point-to-Point service will be up to the rate for Firm Daily On-Peak/16, and Firm Daily Off-Peak/24, respectively.

b. The Phase 2 monthly rate for Firm Point-to-Point and Network Integration Transmission Service (for the term beginning April 1, 2006 to the effective date of the Phase 3 rates described below) will be a stated unit rate of \$1,621.40/MW-month. The rates for Firm and Non-Firm service of other durations will be calculated based on the monthly rate consistent with the formulas contained in 3.a above.

c. The Phase 3 monthly rate for Firm Point-to-Point and Network Integration Transmission Service will be a stated unit rate of \$1,757.40/MW-month. The rates for Firm and Non-Firm service of other durations will be calculated based on the monthly rate consistent with the formulas contained in 3.a above. The Phase 3 rates shall take effect the later of August 1, 2006, or the first day of the month following the month in which AEP's new Wyoming-Jackson's Ferry transmission line enters service.

d. In addition to the rates for transmission service illustrated in 3. a, b and c, above, the Settlement Agreement also specifies rates for ancillary services (Schedules 1A and 2), and for recovery of AEP's RTO formation